



**UNIVERSITI TEKNOLOGI MARA**

**DETERMINANTS OF EQUITY CROWDFUNDING  
PERFORMANCE IN MALAYSIA**

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## **ABSTRACT**

The purpose of this study is to see how capital raising, duration, firm establishment, business liquidity, and equity offers relationship to the success of equity crowdfunding in Malaysia. Secondary data were acquired from the pitchIN platform from 2015 to 2021, and regression analysis was used to conduct the study. The results showed that higher capital raised, the firm establishment, liquidity of the company, and the equity offers have negative relationship with the probability of crowdfunding performance. However, a longer campaign time is correlated with a better chance of performance with crowdfunding. Despite its limitations, this study is focus on the determinants of equity crowdfunding performance in Malaysia and indeed useful for entrepreneurs, businesses, crowdfunding platform operators, and academics.

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## CHAPTER 1: INTRODUCTION

### 1.1 Introduction

In general, there are four (4) types of crowdfunding in Malaysia which are donation crowdfunding, reward crowdfunding, peer-to-peer crowdfunding, and equity crowdfunding. According to Gerrit K.C. Ahlers (2015), crowdfunding is an umbrella term used to describe an increasingly widespread form of fundraising, typically via the Internet, whereby groups of people pool money, usually (very) small individual contributions and to support a particular goal.

This study will focus more on equity crowdfunding. In recent years, equity crowdfunding has established itself as a financing alternative to traditional equity funding sources (e.g., business angels and venture capital) and as a popular financing choice among innovative start-up businesses (Ralcheva and Roosenboom, 2019). The open call and investments take place on an online platform (such as, e.g. Crowdcube) that provides the means for the transactions (the legal groundwork, pre-selection, the ability to process financial transactions, etc.) Ahlers et al. (2015).

Malaysia's involvement in community-based crowdfunding started in the early year of 1980 Asian Institute of Finance (2017). Digital crowdfunding arrived in Malaysia in 2012, Annie et al., (2019). The Securities Commission had imposed some guidelines on investment-based crowdfunding. The Guidelines require the operator's board of directors to be fit and proper and have the ability to operate an orderly, fair and transparent market. As the operator plays a critical role in ensuring confidence in the Equity Crowdfunding (ECF) platform, this guideline entrusts the operator with obligations to ensure issuers' compliance with platform rules, Securities Commission Malaysia (2015).